



31 March 2010

QUARTERLY REPORT TO 28 FEBRUARY 2010

ORION METALS LTD

ASX Code : ORM

Issued Capital (28/02/2010):
24,695,843 Shares issued/listed

500,000 Unlisted Broker Options
exercisable at 80c expiring 3 January 2011

518 shareholders

Top 20 shareholders:-
Hold 80 % of Listed Shares

Directors:
Mr David Barwick – *Chairman*
Mr James Canning-Ure – *Managing Director*
Mr Andrew Gillies- *Director*
Mr Adrian Day- *Director*
Mr Bill Lyne – *Company Secretary*

Largest Shareholders:

Metallica Minerals Ltd	47.24%
Angus & Ross plc	14.85 %
Nedex Pty Ltd	3.47%
Alcardo Investments Limited	2.38%

Cash Balance
As at 28 February 2010, ORM's cash balance
was approx \$0.22 million.

HIGHLIGHTS

- The joint venture partner, Newmont Exploration Pty Limited has completed field work and a drilling programme is being considered for the next quarter.
- ORM sold its Buchanan's Creek Ta-Li project at Georgetown for \$450,000 (\$225,000 cash and \$225,000 shares) which is now finalised.
- ORM has acquired a number of exploration permits throughout north & central Qld in search for mineral accumulations that might host rare earth elements (REE).
- ORM has announced a fully underwritten rights issue to raise \$1.235 million to fund a drilling programme at its Top Camp leases at Cloncurry and further exploration activities and provide working capital.
- ORM is currently assessing other gold, rare earth and tech metals opportunities as well as investigating new project generation concepts.

MALCOLM CREEK – Gold Project (80 km south Georgetown)

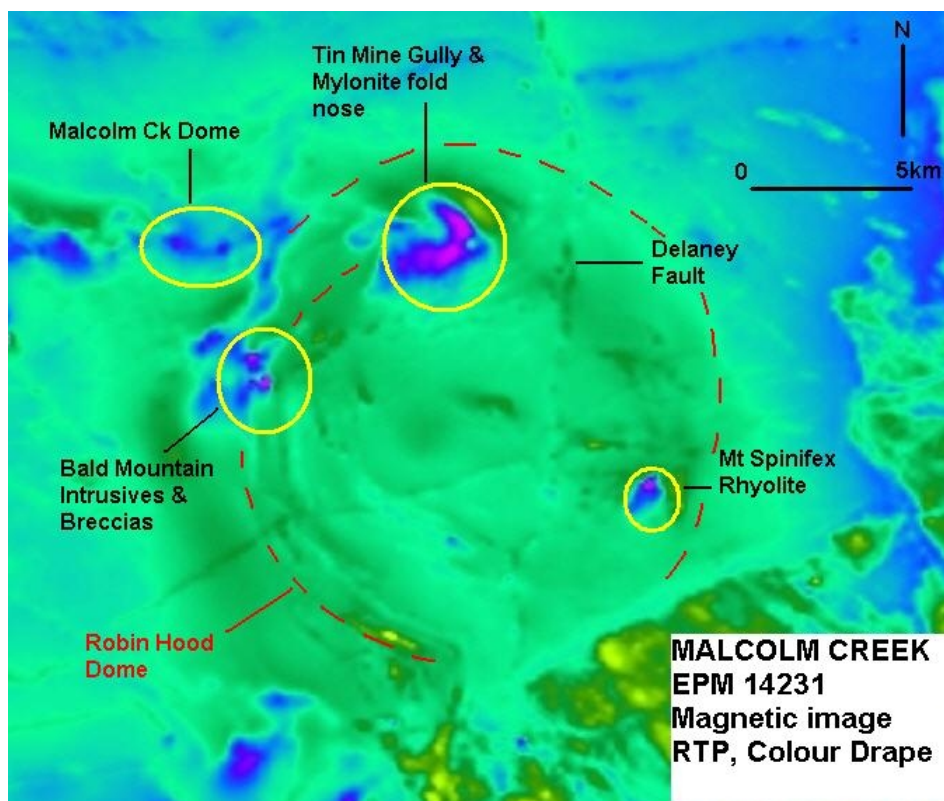
- **Malcolm Ck EPM 14231, EPMA 17739 – Gold bearing breccias, porphyry and quartz vein swarms similar style to the Kidston gold deposit.**

Under the joint venture agreement with **Newmont Exploration Pty Ltd** to fund further exploration on the Malcolm Creek project, Newmont will conduct a minimum initial \$250,000 exploration program within one year of signing the Farm-in Agreement, which will form part of the earn-in expenditure of up to \$2 million to earn an interest of up to 70% over four years. QGM retains the right to contribute in proportion to its equity at decision points of 51%: 49%, 60%: 40%, and 70%: 30%. If QGM fails to contribute at these equity positions, Newmont may then spend an additional \$1 million for a cumulative expenditure of \$3 million to earn equity of 80%.

Newmont's continuing fieldwork concluded the soil and rock chip sampling aspect of the programme, both at prospect scale and on a regional basis. At the Bald Mountain prospect a 3D pole-dipole IP and resistivity survey was completed on selected areas of anomalous Au in soil. The IP results show two zones of anomalously high chargeability, one underneath the eastern side of a ring shaped Au gold in soil anomaly.

At the Malcolm Creek project area a reconnaissance dipole IP line across the anomalous Malcolm Creek ridge was disappointing with no obvious anomalies associated with historic drilling in the area.

During the current wet season field work was suspended and desk top planning is being undertaken. It is expected that a first phase of drilling to test soil – IP anomalies will commence in the next quarter.



BUCHANANS CREEK PROJECT (40 kilometres southwest of Georgetown)

- **Buchanan's Creek EPMs 13271, 13694, 14224, EPMA 14988 - Rare metal (tantalum-niobium-tin-lithium) in greisens and pegmatites with affinities to Greenbushes and Wodgina.**

Orion Metals Ltd concluded a Sales Agreement on its 100% owned Grant's Gully-Buchanan's Creek tantalum (Ta) –lithium (Li) Project south of Georgetown with Artemis Resources Ltd (ASX:ARV).

Artemis paid ORM an option fee of \$25,000 in November, with final settlement of a further \$425,000, of which \$200,000 was paid in cash and the remaining \$225,000 in Artemis shares for 100% of the Project. The Grant's-Buchanan's Project comprises 3 mining leases and 2 exploration permits - Mining Leases (ML) 3311, 30123, and 30208 and Exploration Permits (EPM) 13694 and 14988 - and all successor and related licences and licence applications and mining information.

Orion will benefit from this sale in receiving some cash for the sale and by becoming a shareholder in Artemis (2,782,066 shares to the value of \$225,000) so as to participate in any future successful exploration of the Project.

FULFORD & BONNOR CREEKS (northeast of Mt Surprise and southeast of Chillagoe)

- **Fulford Creek EPM 18331, Bonnor Creek EPM 18449, and EPMs 17011 & 17891 & MLA 30128 – Heavy mineral concentrations in streams draining radiogenic granites that contact monazite and xenotime hosting rare earth elements (REE).**

Applications have been made for 2 Exploration Permits and an option signed on 2 other EPM's and 1 Mining Lease Application north of Mt Surprise and north-east of Georgetown in far north Queensland. These tenements cover creek systems draining radiogenic granites where past alluvial tin operations have encountered heavy mineral concentrations that contain monazite and possibly xenotime.

It is planned to sample these drainages and have mineral assemblages identified and analysed for their contained rare earth elements. Some reconnaissance heavy mineral samples are presently being examined by a consultant petrologist.

LESTREE HILL (90 kilometres west of Clermont)

- **Lestree Hill EPM 18495 – A series of magnetically anomalous intrusive pipes on a major northeast structure that may host rare earth elements (REE).**

Applications have been made for an Exploration Permit on a series of intrusive plugs in central Queensland that have a peculiar magnetic signature and are associated with old stream channels that are magnetically anomalous. The tenement covers a localised

structural environment that host volcanic pipes that may be of unusual chemical composition and if so may represent a host for rare earth mineralisation.

It is planned to sample the soil profiles of these pipes and have mineral assemblages identified and analysed for their contained rare earth elements.

SUNDOWN (30 kilometres southwest of Stanthorpe)

- **Sundown EPM 16961 - Tin-bearing quartz vein stockworks that might represent a bulk low grade open pit tin operation.**

Follow-up field work failed to enhance the prospectivity of this project so the Permit was surrendered on its anniversary.

PROPOSED WORK PROGRAMMES TO 31 May 2010

The following exploration programmes are envisaged, subject to the completion of the rights issue:

- Top Camp – Drilling of 10 RC holes totalling 1,750 metres is planned as soon as access after the wet season is assured.
- Fulford & Bonnor Creeks and Lestree Hill – Data compilation and assessment.

CORPORATE

On 18 March 2010, Mr James Canning-Ure was appointed as Managing Director of ORM. Mr Bill Lyne was appointed as Company Secretary on 19 January

On 19 March 2010, ORM announced a fully underwritten non-renounceable rights issue to ORM shareholders. The Rights Issue will raise approximately \$1.24 million with funds being used to carry out a drilling program at its wholly owned Top Camp Gold project, securing additional Rare Earth or Tech Metal Project opportunities and for additional working capital.

ORM also moved to new office premises at 71 Lytton Road (cnr Stafford Street), East Brisbane.

James Canning-Ure
Managing Director
Orion Metals Limited
Ph 07 3249 3060

In accordance with Listing Rules, 5.12 and 5.1 of the Australian Stock Exchange Limited, technical information contained in this report has also been compiled by Mr. Adrian Day BSc (Geol), MAIG, MSEG, MGSA and Orion Metals Ltd, Exploration Manager, Mr John Nethery B.Sc (Geol), Dip Education, CP (Geo), Fellow AusIMM, FAIG, FSEG, MGSA who are competent persons and members of the Australasian Institute of Mining and Metallurgy or the Australian Institute of Geoscientists. Mr Day and Mr Nethery have relevant experience to the mineralisation being reported on to qualify as Competent Persons as defined by the Australasian Code for Reporting of Minerals Resources and Reserves. Mr Day and Mr Nethery consent to the inclusion in the report of the matters based on the information in the form and context in which it appears.

Tenement Details as at 28 February 2010

Tenement	Project Name	Registered Holder	Status	Date of Grant	Number of Sub-Blocks	Commodity	Minimum Expenditure
EPM 14231	Malcolm Creek	F H Skerritt 50% S B Terry 50%	Granted	26/8/2004	17	Gold	\$50,000
EPMA 17739	Malcolm Creek	F H Skerritt 50% S B Terry 50%	Appl'n (25/07/08)		49	Gold	\$50,000
EPMA 18331	Fulford Creek	ORM 100%	Appl'n (9/10/09)		42	Rare Earth Elements	\$50,000
EPMA 18449	Bonnor Creek	ORM 100%	Appl'n (9/12/09)		25	Rare Earth Elements	\$50,000
EPMA 18495	Lestree Hill	ORM 100%	Appl'n (15/12/10)		100	Rare Earth Elements	\$80,000
EPM 17011, EPMA 17891 MLA 30128	Black Springs Ck Dickson Creek	J W Withers	Granted Appl'n (3/11/08) Appl'n (15/9/08)	16/6/2008	4 8 35.2has	All minerals	\$2,500 \$2,500 N/A
Mining Lease	Project Name	Registered Holder	Status	Date of Grant	Area hectares	Commodity	Minimum Expenditure
ML 2764	Top Camp	ORM 100%	Granted		103	Gold	N/A
ML 2785	Top Camp	ORM 100%	Granted		129.2	Copper	
ML 2786	Top Camp	ORM 100%	Granted		70		
ML 2792	Top Camp	ORM 100%	Granted		105		
ML 1035	Rutherfords Table	ORM 100%	Granted		32.36	Gold	N/A
ML 1060		ORM 100%	Granted		211.7		

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

Orion Metals Limited

ABN

89 096 142 737

Quarter ended ("current quarter")

28/02/2010

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from product sales and related debtors	14	52
1.2 Payments for		
(a) exploration and evaluation	(39)	(213)
(b) development	0	0
(c) production	0	0
(d) administration	(34)	(259)
1.3 Dividends received	0	0
1.4 Interest and other items of a similar nature received	1	4
1.5 Interest and other costs of finance paid	0	0
1.6 Income taxes and GST paid/refunded	8	36
1.7 Other Bonds	0	0
Net Operating Cash Flows	(50)	(380)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	0	0
(b) equity investments	0	0
(c) other fixed assets	(3)	(3)
1.9 Proceeds from sale of:		
(a) prospects	200	200
(b) equity investments	0	0
(c) other fixed assets	0	16
1.10 Loans to other entities	0	0
1.11 Loans repaid by other entities	0	0
1.12 Other	0	0
Net investing cash flows	197	213
1.13 Total operating and investing cash flows (carried forward)	147	(167)

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	147	(167)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	0	0
1.15	Proceeds from sale of forfeited shares	0	0
1.16	Proceeds from borrowings	50	100
1.17	Repayment of borrowings	0	0
1.18	Other – Deposits	0	0
1.19	Issue costs	0	0
	Net financing cash flows	50	100
	Net increase (decrease) in cash held	197	(67)
1.20	Cash at beginning of quarter/year to date	20	284
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	217	217

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	6
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Consultancy Fees, Directors Fees, Salaries and Reimbursement of Expenses

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

On 18 March 2010, Artemis Resources Limited (ASX:ARV) issued ORM with 2,782,066 ordinary shares as final consideration for \$225,000, being 50% of the sale proceeds for the Buchanan's Creek project

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities –Commercial Loan (equipment)	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	10
4.2 Development	0
Total	10

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	6	2
5.2 Deposits at call	211	18
5.3 Bank overdraft	0	0
5.4 Other Bank Guarantee	0	0
Total: cash at end of quarter (item 1.22)	217	20

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	EPM 13694	Grants Gully 100% owned EPM	100%	Nil
	EPM 14988	Grants Gully 100% owned EPM	100%	Nil
	EPM 16961	Sundown 100% owned EPM	100%	Nil
	ML 3311	Grants Gully 100% owned ML	100%	Nil
	ML 30123	Grants Gully 100% owned ML	100%	Nil
	MLA 30208	Grants Gully 100% owned MLA	100%	Nil
6.2 Interests in mining tenements acquired or increased	EPM 17011	Black Springs Creek EPM - registered holder JW Withers	Nil	100%

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (\$)	Amount paid up per security (see note 3) (\$)
7.1 Preference +securities <i>(description)</i>	-	-	-	-
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	-	-	-	-
7.3 +Ordinary securities	24,695,843	24,695,843	-	-
7.4 Changes during quarter (a) Increases through issues				
7.5 +Convertible debt securities <i>(description)</i>	-	-	-	-
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	-	-	-	-
7.7 Options <i>(description and conversion factor)</i>	500,000	500,000	Exercisable at 80 cents	Exercisable at 80 cents
7.8 Issued during quarter	-	-	-	-
7.9 Exercised during quarter	-	-	-	-
7.10 Expired during quarter	-	-		

+ See chapter 19 for defined terms.

7.11	Debentures <i>(totals only)</i>	-	-	-	-
7.12	Unsecured notes <i>(totals only)</i>	-	-	-	-

Compliance statement

- 1 This statement has been prepared under accounting policies, which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here:

(Managing Director)

Date: 31 March 2010

Print name:

James Canning-Ure

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.